

LAW OF THE REPUBLIC OF INDONESIA NUMBER 40 OF 2004

ON

NATIONAL SOCIAL SECURITY SYSTEM

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering :
- a. that every person is entitled to social security enabling them to fulfill decent life basic needs and give them more dignity to the realization of prosperous, fair, and wealthy Indonesian people;
 - b. that in order to provide comprehensive social security, the state develops a National Social Security System for all people of Indonesia;
 - c. that based on the considerations as referred to in point a and point b, it is necessary to establish Law on National Social Security System;

- Observing :
- Article 5 section (1), Article 20, Article 28H section (1), section (2), and section (3), and Article 34 section (1) and section (2) of the 1945 Constitution of the Republic of Indonesia;

With the Joint Approval of

THE HOUSE OF REPRESENTATIVES

and

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

- To enact : LAW ON NATIONAL SOCIAL SECURITY SYSTEM.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Law:

1. Social Security means one of the forms of social protection to ensure that all people may fulfill basic needs of their decent life.
2. National Social Security System means a mechanism of administration of social security program by several social security agencies.
3. Social Insurance means a compulsory fund collection mechanism from contribution to provide protection on social economic risk suffered by members and/or their family members.
4. Compulsory savings means a compulsory deposit for the members of social security program.
5. Contribution Aid means any contribution paid by the Government for the poor and the underprivileged to the Social Security program.
6. Social Security Agency means a legal entity established to administer the social security program.
7. Social Security Fund means a trust fund belonging to all members which consists of contributions including their investment yields managed by Social Security Agency for the payment of benefits to the members and for the operational costs of administering the social security program.
8. Member means any person including a foreigner national who works for at least 6 (six) months in Indonesia, who has paid contributions.
9. Benefit means any social security benefits which becomes rights of the members and/or their family members.
10. Contribution means amount of money paid regularly by the members, employers, and/or the Government.
11. Worker means any person who works and earns a salary, a wage, or other forms of remuneration.

12. Employer means an individual, entrepreneur, legal entity, or other entities employing workers or state administrator employing civil servants by paying them salary, wage, or other forms of remuneration.
13. Salary or Wage means Workers' right received and paid in the form of money as compensation from an Employer to the Workers received and paid pursuant to employment contract, agreement or legislation, including allowances for the Workers and their families for a work and/or service that they have performed or will perform
14. Employment Injury means an accident occurred during employment relations, including the accident occurred during the commutes from home to the workplace or vice versa, and disease caused by work environment.
15. Disability means the reduction or loss of bodily functions or loss of limbs which directly or indirectly results in reduced or lost ability of a worker to perform their job.
16. Total Permanent Disability means a Disability which results in the inability of a person to perform a job.

CHAPTER II

BASIS, OBJECTIVES, AND PRINCIPLES OF ADMINISTRATION

Article 2

National Social Security System is administered on the basis of principles of humanity, benefits, and social justice for all people of Indonesia.

Article 3

National Social Security System aims to guarantee the fulfillment of basic needs of decent life for any members and/or their family members.

Article 4

National Social Security System is administered under the principles of:

- a. mutual cooperation;
- b. non-profit;
- c. transparency;
- d. prudence;
- e. accountability;
- f. portability;
- g. mandatory participation;
- h. trust fund; and
- i. investment yields of Social Security Fund to be entirely used for program development and in the best interests of the members.

CHAPTER III SOCIAL SECURITY AGENCY

Article 5

1. Social Security Agency is established by Law.
2. Since the enactment of this Law, the existing social security agency is declared as Social Security Agency pursuant to this Law.
3. Social Security Agencies as referred to in section (1) are:
 - a. State-Owned Limited Liability Company (*Perusahaan Perseroan*, Persero) Jaminan Sosial Tenaga Kerja (JAMSOSTEK);
 - b. State-Owned Limited Liability Company (Persero) Dana Tabungan dan Asuransi Pegawai Negeri (TASPEN);
 - c. State-Owned Limited Liability Company (Persero) Asuransi Sosial Angkatan Bersenjata Republik Indonesia (ASABRI); and
 - d. State-Owned Limited Liability Company (Persero) Asuransi Kesehatan Indonesia (ASKES);
4. In the event that Social Security Agency other than those as referred to in section (3) is required, a new one may be established under Law.

CHAPTER IV
NATIONAL SOCIAL SECURITY COUNCIL

Article 6

For the administration of National Social Security System, National Social Security Council is established under this Law.

Article 7

- (1) National Social Security Council is responsible to the President.
- (2) National Social Security Council has functions to formulate public policies and synchronization administration of the National Social Security System.
3. National Social Security Council is assigned to:
 - a. conduct review and research related to administration of social security;
 - b. propose investment policy of National Social Security Fund; and
 - c. propose social security budget for contribution aid recipients and availability of operational budget to the Government.
4. National Social Security Council has authority to monitor and evaluate the administration of social security program.

Article 8

- (1) National Social Security Council has 15 (fifteen) members, consisting of elements of Government, figures and/or experts understanding social security, employers organization, and worker organization.
- (2) National Social Security Council is led by the Head who also serves as a member and other members appointed and dismissed by the President.
- (3) The Head as referred to in section (2) is from Government element.
4. In implementing its duties, the National Social Security Council is assisted by Secretary Council led by one

secretary appointed and dismissed by the Head of National Social Security Council.

5. The office term of members of the National Social Security Council is 5 (five) years, and may be re-appointed for one additional term.
- (6) To be appointed as the members of the National Social Security Council, they must fulfill the following requirements:
 - a. Indonesian citizens;
 - b. fear of God Almighty;
 - c. physically and mentally healthy;
 - d. have good behavior;
 - e. at least 40 (forty) years old and not more than 60 (sixty) years old at the time nominated as members;
 - f. graduated minimum with bachelor's degree;
 - g. have expertise in social security;
 - h. have concern in social security; and
 - i. never been imprisoned for a criminal act based on court verdict with final and binding effect.

Article 9

In implementing its duties, National Social Security Council may ask for input and assistance from the experts as required.

Article 10

Organizational and work structure of National Social Security Council as referred to in Article 6, Article 7, Article 8, and Article 9 is further regulated by a Presidential Regulation.

Article 11

Members of the National Social Security Council may resign or be dismissed prior to the expiration of their office term due to:

- a. death;
- b. permanently unable;
- c. resignation;
- d. unqualified as referred to in Article 8 section (6).

Article 12

- (1) For the first time, the Head and members of the National Social Security Council are proposed by Ministers administering affairs in the field of social welfare.
- (2) Procedures for appointment, replacement, and dismissal of members of the National Social Security Council are further regulated in a Presidential Regulation.

CHAPTER V
MEMBERSHIP AND CONTRIBUTION

Article 13

- (1) The Employers are obligated to register themselves and their workers gradually as members to Social Security Agency, in accordance with social security program being participated.
2. The gradual stages as referred to in section (1) are further regulated by a Presidential Regulation.

Article 14

1. The Government registers the contribution aid recipients as members gradually to Social Security Agency.
2. The contribution aid recipients as referred to in section (1) are the poor and underprivileged.
3. The provisions as referred to in section (1) and section (2) are further regulated by a Government Regulation.

Article 15

- (1) Social Security Agency is obligated to provide a single identity number to any members and their family members.
2. Social Security Agency is obligated to provide information regarding the rights and obligations to the members to obey the prevailing provisions.

Article 16

Every member is entitled to obtain benefits and information regarding the implementation of social security program being participated.

Article 17

1. Every member is obligated to pay contribution which amount decided based on percentage of wage or any certain nominal amount.
2. Every employer is obligated to collect contribution from the worker, add compulsory contribution, and pay such contribution to Social Security Agency periodically.
3. The amount of contribution as referred to in section (1) and section (2) is decided for each type of program periodically in accordance with social, economic, and basic needs of decent life development.
4. The contributions of social security program for the poor and underprivileged are paid by the Government.
5. At the first stage, the contribution as referred to in section (4) is paid by the Government for health security program.
6. The provisions as referred to in section (4) and section (5) are further regulated by a Government Regulation.

CHAPTER VI

SOCIAL SECURITY PROGRAM

Part One

Types of Social Security Program

Article 18

The types of social security program are:

- a. health security;
- b. employment injury security;
- c. old-age security;
- d. pension security; and
- e. death security.

Part Two

Health Security

Article 19

1. Health security is administered nationally on the basis of social insurance and equity principles.

2. Health security is administered with the purpose of guaranteeing the members to obtain benefits of health care and protection in fulfilling health basic needs.

Article 20

1. Health security members are any persons paying contribution or their contributions paid by the Government.
2. Family members of members are entitled to receive health security benefit.
3. Any members may include their other family members as their dependents by adding the contributions.

Article 21

1. The health security membership is valid for not later than 6 (six) months since the members are terminated from their works.
2. In the event that members as referred to in section (1) are still unemployed and underprivileged after 6 (six) months, the contribution is paid by the Government.
3. For underprivileged members with total permanent disability, the contribution is paid by the Government.
4. The provisions as referred to in section (1), section (2), and section (3) are further regulated by a Presidential Regulation.

Article 22

1. Health security benefit is of individual service nature in form of healthcare including promotional, preventive, curative, and rehabilitative cares including drugs and disposable medical substance.
2. For healthcare resulting in care-abuse, members co-pay the cost.
3. Provisions regarding healthcare and co-payment of cost as referred to in section (1) and section (2) are further regulated in a Presidential Regulation.

Article 23

1. The health security benefit as referred to in Article 22 is provided in Government- or private-owned healthcare facilities cooperating with Social Security Agency.
2. In the event of emergency, the healthcare as referred to in section (1) may be provided in healthcare facilities not cooperating with Social Security Agency.
3. In the event the unavailability of medically qualified healthcare facilities in certain area, the Social Security Agency is obligated to give compensation.
4. In the event that members need to be hospitalized, the class is based on the standard.
5. Provisions as referred to in section (3) and section (4) are further regulated in a Presidential Regulation.

Article 24

1. The amount of payment to healthcare facilities for each area is determined on the basis of agreement between the Social Security Agency and healthcare facilities association in that area.
2. Social Security Agency is obligated to pay healthcare facilities on the service received by the members not later than 15 (fifteen) days since the receipt of payment request.
3. Social Security Agency develops healthcare system, quality control system and healthcare payment service to improve the efficiency and effectiveness of health security.

Article 25

The pricelist and ceiling price of drugs, disposable medical substance secured by Social Security Agency are determined in accordance with the legislation.

Article 26

The types of service not secured by Social Security Agency are further regulated in a Presidential Regulation.

Article 27

1. The amount of health security contribution for waged members is determined on the basis of wage percentage up to certain limit, gradually are share paid by worker and employers.
2. The amount of health security contribution for non-waged members is determined on the basis of nominal reviewed periodically.
3. The amount of health security contribution for contribution aid recipients is determined on the basis of nominal determined periodically.
4. The wage ceiling as referred to in section (1) is reviewed periodically.
5. The amount of contribution as referred to in section (1), section (2), and section (3), as well as wage ceiling as referred to in section (4) is further regulated in a Presidential Regulation.

Article 28

1. Worker with more than 5 (five) family members desired to include their family members is obligated to pay additional contribution.
2. The additional contribution as referred to in section (1) is further regulated in a Presidential Regulation.

Part Three

Employment Injury Security

Article 29

1. The Employment Injury security is administered nationally on the basis of social insurance principle.
2. The Employment Injury security is administered for securing the members to obtain healthcare benefits and cash benefits if a worker suffered from an employment injury or a occupational disease.

Article 30

The members of Employment Injury security are those paying contribution.

Article 31

1. Members suffered from employment injury are entitled to receive healthcare benefits in accordance with their medical requirement and receive cash benefits in the event of permanent total disability or death.
2. The cash benefits of employment injury security are paid in lump sum to the beneficiaries of deceased or disabled workers in accordance with their disability levels.
3. For certain types of service or injury, the employers co-pay the cost.

Article 32

1. The employment injury security benefits as referred to in Article 31 section (1) are in Government-owned or qualified private-owned healthcare facilities cooperating with Social Security Agency.
2. In the event of emergency, the healthcare as referred to in section (1) may be provided in healthcare facilities not cooperating with Social Security Agency.
3. In the event of employment injury occurred in certain area that does not have qualified healthcare facilities, the Social Security Agency is obligated to give compensation.
4. In the event that members need to be hospitalized, they are treated in the standard classes.

Article 33

Further provisions regarding cash benefits, beneficiaries' rights, compensation, and medical care as referred to in Article 31 and Article 32 are regulated in a Governmental Regulation.

Article 34

1. The amount of employment injury security contribution is equal to certain percentage from the wage or income wholly covered by the employers.

2. The amount of employment injury security contribution for non-waged members is the nominal value determined periodically by the Government.
3. The amount of contribution as referred to in section (1) are various for each worker class in accordance with work environment risk.
4. Provisions as referred to in section (2) and section (3) are further regulated in a Government Regulation.

Part Four
Old-Age Security

Article 35

1. Old-age security is administered nationally on the basis of social insurance principle or compulsory saving.
2. Old-age security is administered with purpose for securing that members receive cash if they retire, suffer from total permanent disability, or die.

Article 36

Old-age security members are those paying contribution.

Article 37

1. Old-age security cash benefits are paid in lump sum at the time members retire, die, or suffer from total permanent disability.
2. The amount of old-age security benefits is determined on the basis of accumulated paid contribution plus its investment yields.
3. The payment of old-age security benefits may be given partially until certain limit upon the minimum membership of 10 (ten) years.
4. If the members die, their legitimate beneficiaries are entitled to receive old-age security benefits.
5. Provisions as referred to in section (3) and section (4) are further regulated in a Government Regulation.

Article 38

1. The amount of old-age security contribution for waged members is determined on the basis of certain percentage of certain wage or income is share paid by employers and workers.
2. The amount of old-age security contribution for non-waged members is determined on the basis of nominal value determined periodically by the Government.
3. Provisions as referred to in section (1) and section (2) are further regulated in a Government Regulation.

Part Five

Pension Security

Article 39

1. The pension security is administered nationally on the basis of social insurance principle or compulsory saving.
2. The pension security is administered to maintain the decent life degree when the members lose or are short of income due to retirement age or suffering from total permanent disability.
3. The pension security is administered on the basis of defined benefits.
4. The retirement age is determined in accordance with the provisions of legislation.

Article 40

The pension security members are the workers paying the contribution.

Article 41

1. Pension security cash benefits are received monthly as:
 - a. Old-age pension, received by the members upon retirement age until death;
 - b. Disability pension, received by the members who are disabled due to employment injury or disease until die;

- c. Widow/widower pension, received by the members' widows/widowers as the beneficiaries, until they die or remarry;
 - d. Children pension, received by members' beneficiaries until 23 (twenty-three) years old, work, or marry; or
 - e. Parent pension, received by single members' beneficiaries parents until certain limit in accordance with the provisions of legislation.
2. Any members or their beneficiaries are entitled to receive payment of periodical pension fund monthly upon fulfilling contribution period of minimum 15 (fifteen) years, unless regulated otherwise by the legislation.
 3. The pension security benefits are paid to the members reaching retirement age in accordance with the determined formula.
 4. If the members died after the contribution period of 15 (fifteen) years, their beneficiaries are entitled to receive pension security benefits.
 5. If the members retired before the contribution period of 15 (fifteen) years, the members are entitled to receive all of their accumulated contribution plus its investment yields.
 6. The beneficiaries' rights to children pension benefits are expired if the child is married, permanently working, or reaching 23 (twenty-three) years old.
 7. The disability pension benefits are paid to members suffered from total permanent disability even if they are not in their retirement age.
 8. Provisions regarding pension benefits as referred to in section (3) are further regulated in a Presidential Regulation.

Article 42

1. The amount of pension security contribution for waged members is determined on the basis of certain percentage of wage or income or any certain nominal value are share paid by employers and workers.

2. Provisions as referred to in section (1) are further regulated in a Government Regulation.

Part Six

Death Security

Article 43

1. The death security is administered nationally on the basis of social insurance principle.
2. The death security is administered with purpose of granting death benefits paid to the deceased members' beneficiaries.

Article 44

The members of death security are those paying contribution.

Article 45

1. The death security cash benefits are paid not later than 3 (three) work days after receiving claim and approved by the Social Security Agency.
2. The amount of death security benefits is determined on the basis of certain nominal value.
3. Provisions regarding benefits as referred to in section (2) are further regulated in a Government Regulation.

Article 46

1. The death security contribution is borne by the employers.
2. The amount of death security contribution for waged members is determined on the basis of certain percentage of wage or income.
3. The amount of death security contribution for non-waged members is determined on the basis of certain nominal value paid by the members.
4. Provisions as referred to in section (1), section (2), and section (3) are further regulated in a Government Regulation.

CHAPTER VII
SOCIAL SECURITY FUNDS MANAGEMENT

Article 47

1. The Social Security Funds are managed and invested by the Social Security Agency as optimum as possible by considering the aspects of liquidity, solvency, prudence, fund security, and adequate yields.
2. The mechanism of management and investment of Social Security Funds as referred to in section (1) are further regulated in a Government Regulation.

Article 48

The Government may take special actions to guarantee the maintenance of financial health level of Social Security Agency.

Article 49

1. The Social Security Agency manages the accountings in accordance with applicable accounting standards.
2. Cross-subsidy of programs by paying benefits of a program from other program fund is not allowed.
3. The members are at any time entitled to obtain information on accumulated contribution and its investment yields as well as benefits of old-age security, pension security, and death security programs.
4. The Social Security Agency is obligated to provide information on accumulated contribution as well as its investment yields to each member of old-age security at least once in a year.

Article 50

1. The Social Security Agency is obligated to establish technical reserve in accordance with the general and commonly accepted actuarial standards of practice.
2. Provisions as referred to in section (1) are further regulated in a Government Regulation.

Article 51

The supervision on the financial management of Social Security Agency is conducted by authorized institution in accordance with the legislation.

CHAPTER VIII

TRANSITIONAL PROVISIONS

Article 52

1. At the time this Law comes into force;
 - a. State-Owned Limited Liability Company (Persero) *Jaminan Sosial Tenaga Kerja (JAMSOSTEK)* established by the Government Regulation Number 36 of 1995 on Establishment of the Employment Social Security Agency Program (State Gazette of the Republic of Indonesia of 1995 Number 59), under Law Number 3 of 1992 on Employment Social Security (State Gazette of the Republic of Indonesia of 1992 Number 14, Supplement to the State Gazette of the Republic of Indonesia Number 3468);
 - b. State-Owned Limited Liability Company (Persero), PT DANA TABUNGAN DAN ASURANSI PEGAWAI NEGERI or abbreviated as PT TASPEN (Persero) established by Government Regulation Number 26 of 1981 on Transformation of Civil Servants Savings and Insurance Scheme Public Corporation into State-Owned Limited Liability Company (Persero) (State Gazette of the Republic of Indonesia of 1981 Number 38), under Law Number 11 of 1969 on Civil Servant Pensions and Pensions of Civil Servant's Widow/Widower (State Gazette of the Republic of Indonesia of 1969 Number 42, Supplement to the State Gazette of the Republic of Indonesia Number 2906), Law Number 8 of 1974 on Principles of Human Resources (State Gazette of the Republic of Indonesia of 1974 Number 55, Supplement to the State Gazette of the Republic of Indonesia Number

3041) as amended by Law Number 43 of 1999 (State Gazette of the Republic of Indonesia of 1999 Number 169, Supplement to the State Gazette of the Republic of Indonesia Number 3890)), and Government Regulation Number 25 of 1981 on Civil Servants Social Insurance (State Gazette of the Republic of Indonesia of 1981 Number 37, Supplement to the State Gazette of the Republic of Indonesia Number 3200);

- c. State-Owned Limited Liability Company (Persero), PT ASABRI or abbreviated as PT ASABRI (Persero) established by Government Regulation Number 68 of 1991 on Transformation of Public Corporation, Perusahaan Umum (Perum) the Republic of Indonesia Armed Forces Social Insurance Public Company into State-Owned State-Owned Limited Liability Company (Persero) (State Gazette of the Republic of Indonesia of 1991 Number 88);
- d. State-Owned Limited Liability Company, Perusahaan Perseroan (Persero), PT Asuransi Kesehatan Indonesia, abbreviated as PT Askes (Persero) established by Government Regulation Number 6 of 1992 on Transformation of Husada Bhakti Public Corporation, Perusahaan Umum (Perum) to State-Owned Limited Liability Company (Persero) (State Gazette of the Republic of Indonesia of 1992 Number 16);

remain in effect insofar not adjusted to this Law.

- 2. All provisions regulating the Social Security Agency as referred to in section (1) are adjusted to this Law not later than 5 (five) years as of the promulgation of this Law.

CHAPTER IX CLOSING PROVISION

Article 53

This Law comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
on 19 October 2004

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

MEGAWATI SOEKARNOPUTRI

Promulgated in Jakarta
on 19 October 2004

STATE SECRETARY OF THE REPUBLIC OF INDONESIA

signed

BAMBANG KESOWO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2004 NUMBER 150

Jakarta, 3 July 2020

Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,


WIDODO EKATJAHJANA

In order that every person may know hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
on 19 October 2004

PRESIDENT OF THE REPUBLIC OF INDONESIA,

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DIRECTOR GENERAL OF LEGISLATION,

WIDODO EKATJAHJANA



ELUCIDATION OF
LAW OF THE REPUBLIC OF INDONESIA NUMBER 24 OF 2004
ON
NATIONAL SOCIAL SECURITY SYSTEM

I. GENERAL

The social economy development as one of national development policy implementations has produced many progress, among others, the improvement of people welfare. Such welfare must be enjoyed continuously, fairly, and evenly to all people.

The Indonesian development dynamics has caused both challenges and demands of treatment for various unsolved questions. One of them is the administration of social security for all people, as mandated in Article 28 section (3) on rights to social security and Article 34 section (2) of the 1945 Constitution of the Republic of Indonesia. The social security is also guaranteed in the Declaration of the United Nations on Human Rights in 1948 as confirmed in ILO Convention Number 102 of 1952 recommending all nations to provide minimum protection to each employee. In line with such provisions, the People's Consultative Assembly of the Republic of Indonesia in Resolution Number X/MPR/2001 mandates the President to establish a national social security system in order to provide a more comprehensive and integrated social protection for the people.

The National Social Security System essentially is a State program with purpose to guarantee the protection and social welfare for all of Indonesian people. Through this program, any residents of Indonesia are expected to be able to fulfill their decent daily lives in the event of loss or short of revenue, because of illness, struck by accident, lost their job, in their old age, or pension.

During the last decades, Indonesia has conducted several social security programs. The Law specially regulating the social security for private employees is Law Number 3 of 1992 on Workers Social Security that consists of healthcare security, employment injury security, , old-age security, and death security programs.

For Civil Servants, it is developed programs called Dana Tabungan dan Asuransi Pegawai (TASPEN) established by Government Regulation Number 26 of 1981 and Asuransi Kesehatan (ASKES) administered under Government Regulation Number 69 of 1991 compulsory to PNS/Pension Recipients/Independence Pioneers/Veterans and their family members.

For the Indonesian National Armed Forces (TNI), Indonesian National Police (POLRI) and Civil Servants in Department of Defense/TNI/POLRI along with their families have been performed a program called Asuransi Sosial Angkatan Bersenjata Republik Indonesia (ASABRI) in accordance with Government Regulation Number 67 of 1991 constituting an amendment to Government Regulation Number 44 of 1971.

The various programs mentioned above only consist of minority of people. Most of people have not received adequate protection. Other than that, the implementation of various social security programs is able to provide fair and adequate protection to the members in accordance with the program benefits as the members' rights.

In respect of above matters, it is necessary to establish a National Security System that is able to synchronize the administration of various types of social security conducted by several administrators to reach out bigger memberships as well as provide larger benefits for each members.

The principles of National Social Security System are as follows:

- Principle of mutual assistance. This principle is actualized in the mechanism of mutual assistance from the privileged members to the underprivileged members in form of mandatory membership for all people; the low risk members help the high risk members; and the healthy members help those who are sick. Through this principle of mutual assistance, social security may bring social justice for all people of Indonesia.
- Principle of non-profit. The management of trust fund is not aimed to seek profit (non-profit) for the Social Security Agency, rather to fulfill the best interests of the members. The trust fund, its investment yields, and budget surplus will be utilized for the best interests of the members.

- Principles of transparency, prudence, accountability, efficiency, and effectiveness. These management principles are applied and underlying all trust management activities from members contribution and its investment yields
- Principle of portability. The social security is purposed to provide security continuously despite changes in members' job or residence within the territory of the Unitary State of the Republic of Indonesia.
- Principle of mandatory membership. The mandatory membership is purposed to all people to be the members so that they can be protected. Although the mandatory membership is for all people, its application is adjusted to the economic ability of the people and the government as well as the feasibility of program administration. The first stage begins from formal workers, concurrently the informal sector will become members independently, and in turns the National Social Security System can cover all people.
- Principle of trust fund. The collected fund and contribution from the members are deposit with agencies to be managed for the best interests to optimize the fund for the members' welfare.
- Principle of investment yields of National Social Security Fund in this Law is the yield in form of dividend from the shareholders returned for the benefit of social security members.

This Law regulates the administration of National Social Security System consisting of health security, employment injury security, pension security, old-age security, and death security for all residents through employees' compulsory contribution. Those social security programs are administered by several Social Security Agencies. The Social Security Agency in this Law is the transformation of the existing Social Security Agency and it is possible to establish a new agency in accordance with the dynamics of social security development.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Principle of humanity is related to respect for human dignity. Principle of benefits is an operational principle related to efficient and effective management. Principle of justice is an ideal principle. Those three principles are aimed to guarantee the perpetuity of programs and members' rights.

Article 3

The term "basic life needs" means person's essential needs to achieve a decent standard of living, for the creation of social welfare for all Indonesian people.

Article 4

The principle of mutual cooperation in this provision is the principle of solidarity among members in bearing the cost of social security, realized in the obligations of any members to pay contribution pursuant to their salary, wage, or income levels.

The principle of non-profit in this provision is the principle of business management that emphasizes the use of investment yields for the maximum benefit of all members.

The principle of transparency in this provision is the principle of facilitating access to complete, accurate, and clear information to all members.

The principle of prudence in this provision is the principle of accurate, neat, secure, and orderly financial management of the funds.

The principle of accountability in this provision is the principle of accurate and accountable program administration and financial management.

The principle of portability in this provision is the principle which provides continuous security despite changes in members' job or residence within the territory of the Unitary State of the Republic of Indonesia.

The principle of mandatory participation in this provision is the principle of the mandatory participation in social security for all residents to be administered in stages.

The principle of trust fund in this provision is the principle in which contributions and its investment yields are to constitute a deposited

fund from members to be used in the best interest of the social security members.

The principle of investment yields of National Social Security Fund in this provision is the yield in form of dividend from the shareholders returned for the benefit of social security members.

Article 5

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The establishment of the Social Security Agency pursuant to this provision is aimed to adjust with the dynamics of social security development by keep giving opportunity to the existing/new Social Security Agency, in developing the scope of membership and social security programs.

Article 6

Sufficiently clear.

Article 7

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Point a

The review and research conducted in this provision are among others, the adjustment to transitional period, standard operating procedure of Social Security Agency, amount of contribution and benefits, the gradual stages of membership and program extension, fulfillment of members' rights, and obligations of Social Security Agency.

Point b

The investment policies in this provision are the fund deposit by considering the principles of prudence, yield optimization, fund security, and transparency.

Point c

Sufficiently clear.

Section (4)

The authorization to monitor and evaluate in this provision is aimed to guarantee the administration of social security program, including the level of financial health of Social Security Agency.

Article 8

Section (1)

The 15 (fifteen) members in this provision consist of 5 (five) members representing government, 6 (six) members representing figures and/or experts, 2 (two) members representing employers' organization, and 2 (two) members representing workers' organization.

The government representatives in this provision are from the department responsible for finance, manpower, health, social, and social welfare and/or defense and security, each of 1 (one) person.

Expert representatives in this provision consist of experts in insurance, finance, investment, and actuarial.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Section (1)

The phrase “gradually” in this provision is aimed to consider the requirements of membership and program conducted by paying attention to state budget ability, such as initialized with health security program.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 15

Section (1)

Sufficiently clear.

Section (2)

The information in this provision is including rights and obligations as members, private account periodically minimum once in a year, and the investment of program being participated.

Article 16

Sufficiently clear.

Article 17

Section (1)

Sufficiently clear.

Section (2)

The term “periodical contribution payment” in this provision means monthly payment.

Section (3)

Sufficiently clear.

Section (4)

The poor and underprivileged in this provision are those as referred to in Article 34 section (1) and section (2) of the 1945 Constitution of the Republic of Indonesia.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Section (1)

Social insurance principle consists of:

- a. mutual cooperation among the rich and poor, the healthy and sick, the old and young, the high risk and low risk people;
- b. mandatory and non-selective membership;
- c. contribution as the percentage of wage/income;
- d. is non-profit.

Equity principle is the equity in obtaining service pursuant to medical needs not attached to the paid contribution.

Section (2)

Sufficiently clear

Article 20

Section (1)

Sufficiently clear.

Section (2)

Family members are legitimate husband/wife, biological children, step-children of legitimate marriage, and legitimate adopted children, maximum of 5 (five) members.

Section (3)

The term "other family members" in this provision means the fourth children and so forth, father, mother, and parents-in-law. To include other family members, the worker provides power of attorney to the employer to add their contribution to the Social Security Agency as regulated in this Law.

Article 21

Section (1)

This provision enables a member to sustain termination of employment relation with their family members are still receiving health security until the next 6 (six) months without paying in installments.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 22

Section (1)

The term "healthcare" in this provision consists of healthcare and counseling, immunization, Family Planning service, outpatient care, inpatient care, emergency service, and other medical actions, including dialysis and heart surgery. Those services are provided in accordance with standard service, whether the quality and type of service in order to guarantee the sustainability of program and members' satisfaction. The wide span of healthcare is adjusted to members' needs that subject to change and the financial ability of Social Security Agency. It is required for prudence.

Section (2)

The type of service is a moral hazard service that is highly affected by members' taste and behavior, such as using supplement drugs, diagnostic examination, and actions inconsistent to medical needs. Co-payment must be a part of

control effort, especially control effort in receiving medical service. The determination of co-payment may be in form of certain nominal value or percentage of the service cost, and paid to healthcare facilities at the time receiving healthcare service.

Section (3)

Sufficiently clear.

Article 23

Section (1)

Healthcare service consists of hospitals, doctors, clinics, laboratories, pharmacies, and other healthcare facilities. The healthcare facilities are qualified if those healthcare facilities are acknowledged and licensed by Government institution responsible for health issues.

Section (2)

Sufficiently clear.

Section (3)

The compensation given to the members may be in form of cash, in accordance with the members' right.

Section (4)

Members desire a higher class to their right (standard class) may improve their right by participating in additional health insurance, or paying by themselves the deductible between the cost secured by Social Security Agency and cost to be paid due to class improvement.

Section (5)

Sufficiently clear.

Article 24

Section (1)

Sufficiently clear.

Section (2)

This provision requires the Social Security Agency to pay healthcare facilities effectively and efficiently. The Social Security Agency may provide certain budget to any hospital in an area to provide service to members or to pay a fixed number per capita per month (capitation). The budget consists of medical service,

treatment cost, supporting cost, and medicine cost in which detailed usage is set out separately by the directors of the hospital. Thereby, a hospital will be more flexible to utilize the fund as effective and efficient as possible.

Section (3)

In the healthcare development, the Social Security Agency applies quality control and price control systems including applying cost contribution to prevent healthcare abuse.

Article 25

The determination of price list and ceiling in this provision is aimed to consider the development of the availability of medical needs, as well as effectiveness and efficiency of drugs or disposable medical substance.

Article 26

Sufficiently clear.

Article 27

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The meaning of periodically in this provision is certain period to conduct review and revision pursuant to the development of needs.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Compensation in this provision may be in form of cash reimbursement, paramedic dispatch, or supplying certain medical facilities.

Section (4)

Members desire a higher class to their right (standard class) may improve their right by participating in additional health insurance, or paying by themselves the deductible between the cost secured by Social Security Agency and cost to be paid due to class improvement.

Article 33

Sufficiently clear.

Article 34

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The various amount of contribution adjusted to the risk level of work environment is also aimed to encourage the employers to reduce the risk level of their work environment and to create efficient operation.

Section (4)

Sufficiently clear.

Article 35

Section (1)

The social insurance principle in old-age security is based on insurance mechanism by paying contribution between the workers and employers.

The compulsory savings in old-age security is based on consideration that the old-age benefits are from the accumulated contribution and its investment yields.

Section (2)

The old-age security is provided to members not in their retirement age but suffered from permanent total disability resulting in inability to work and their contribution stops.

Article 36

Sufficiently clear.

Article 37

Section (1)

Sufficiently clear.

Section (2)

The government guarantees the administration of old-age security investment in accordance with the principle of prudence minimum equivalent to Government banks deposit rate of interest for one year so that the members obtain the fullest benefits.

Section (3)

Part of old-age security may be paid to assist the members in preparing their retirement age.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 38

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The Government will regulate the percentage of contribution to be paid by workers and employers.

Article 39

Section (1)

The pension security mechanism is basically based on social insurance, but this provision provides opportunity for the workers entering their retirement age but the contribution period not reaching the determined time, to be applied as compulsory savings and paid when they no longer work, plus its investment yields.

Section (2)

The decent life degree in this provision is the amount of pension security able to fulfill the basic needs of workers and their family members.

Section (3)

The term “defined benefits” means the existence of minimum and maximum limit of benefits to be received by the members.

Section (4)

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Children pension benefit is the payment of pension periodically to the children as the members’ beneficiaries,

maximum of 2 (two) children who are unemployed, have yet to be married, or until reaching 23 (twenty-three) years old, and will be without income source if the member died.

Point e

Parents benefit is the payment of pension periodically to the parents as the single member's beneficiaries if the member died.

Section (2)

The requirement of 15 (fifteen) years is necessary for the adequacy of accumulated fund to provide pension security until a certain period determined in form of this Law.

Section (3)

The pension security formula is determined on the basis of years of service and the latest wage.

Section (4)

Although the members have not fulfilled contribution period of 15 (fifteen) years, in accordance with social insurance principle, the beneficiaries are entitled to receive pension security as per determined formula.

Section (5)

Due to not fulfilling contribution period requirement, the pension security contribution is considered as compulsory savings.

Section (6)

Sufficiently clear.

Section (7)

Sufficiently clear.

Section (8)

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Sufficiently clear.

Article 47

Section (1)

The term “liquidity” means the financial ability of Social Security Agency in fulfilling its short-term obligations.

The term “solvency” means the financial ability of Social Security Agency in fulfilling its short-term and long-term obligations.

Section (2)

Sufficiently clear.

Article 48

Sufficiently clear.

Article 49

Section (1)

Sufficiently clear.

Section (2)

The example of non-permitted cross-subsidy in this provision is the pension fund cannot be used to finance health security and vice versa.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 50

Section (1)

Technical reserve indicates the obligations of Social Security Agency arise out in order to fulfill the future obligations to the members.

Section (2)

Sufficiently clear.

Article 51

Sufficiently clear.

Article 52

Sufficiently clear.

Article 53

Sufficiently clear.

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